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Legislative Document

No. 529

H.P. 386

House of Representatives, January 31, 2019

**An Act To Provide Property Tax Deferral for Senior Citizens and
People with Physical Disabilities**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R. B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative COOPER of Yarmouth.
Cosponsored by Senator SANBORN, L. of Cumberland and
Representative: MAXMIN of Nobleboro.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 36 MRSA §5403, sub-§§7 and 8**, as enacted by PL 2017, c. 474, Pt. B,
3 §24, are amended to read:

4 **7. Personal exemptions.** Beginning in 2018 and each year thereafter, by the dollar
5 amounts contained in section 5126-A, subsection 1, except that for the purposes of this
6 subsection, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment"
7 is the Chained Consumer Price Index for the 12-month period ending June 30th of the
8 preceding calendar year divided by the Chained Consumer Price Index for the 12-month
9 period ending June 30, 2017; ~~and~~

10 **8. Personal exemption phase-out.** Beginning in 2018 and each year thereafter, by
11 the dollar amount of the applicable amounts specified in section 5126-A, subsection 2,
12 paragraphs A, B and C, except that for the purposes of this subsection, notwithstanding
13 section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer
14 Price Index for the 12-month period ending June 30th of the preceding calendar year
15 divided by the Chained Consumer Price Index for the 12-month period ending June 30,
16 2017; ~~and~~

17 **Sec. 2. 36 MRSA §5403, sub-§9** is enacted to read:

18 **9. Property tax deferral limit.** Beginning in 2020 and each year thereafter, by the
19 dollar amount of the income limitation amount in section 6251, subsection 1, paragraph
20 B.

21 **Sec. 3. 36 MRSA §6251, sub-§1**, as repealed and replaced by PL 1993, c. 395,
22 §31, is amended to read:

23 **1. Filing claim.** Subject to section 6252, an individual or 2 or more individuals
24 jointly may elect to defer the property taxes on their homestead by filing a claim for
25 deferral with the municipal assessor after January 1st but no later than April 1st of the
26 first year in which deferral is claimed if:

27 A. The individual or ~~each~~ at least one individual, in the case of 2 or more individuals
28 filing a claim jointly, is 65 years of age or older or retired from gainful employment
29 by reason of physical disability on April 1st of the year in which the claim is filed;
30 and

31 B. The individual or, in the case of 2 or more individuals filing a claim jointly, all the
32 individuals together have ~~household~~ income, as defined in section ~~6201~~ 5219-KK,
33 subsection ~~7~~ 1, paragraph D, of less than ~~\$32,000~~ \$40,000 for the calendar year
34 immediately preceding the calendar year in which the claim is filed.

35 The municipal assessor shall forward each claim filed under this subsection to the bureau
36 within 30 days of receipt and the bureau shall determine if the property is eligible for
37 deferral.

1 Claims from new applicants may not be filed pursuant to this chapter prior to January 1,
2 1994. For purposes of this section, "new applicants" means any person or persons that
3 have not filed claims prior to April 1, 1991.

4 **Sec. 4. 36 MRSA §6251, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
5 amended to read:

6 **2. Property tax deferral.** ~~When the~~ If a taxpayer elects is determined to be eligible
7 to defer property taxes for any year by filing a claim for deferral under subsection 1, it
8 ~~shall have~~ has the effect of:

9 A. Deferring the payment of the property taxes levied on the homestead for the
10 municipal fiscal year beginning on or after April 1st of that year;

11 B. Continuing deferral of the payment by the taxpayer of any property taxes deferred
12 under this chapter for previous years that have not become delinquent under section
13 6260; and

14 C. Continuing the deferral of the payment by the taxpayer of any future property
15 taxes for as long as the provisions of section 6252 are met.

16 **Sec. 5. 36 MRSA §6252, sub-§4** is enacted to read:

17 **4. Maximum deferral.** The total amount of taxes deferred under this chapter may
18 not exceed 80% of the taxpayer's equity in the property.

19 **Sec. 6. 36 MRSA §6253**, as enacted by PL 1989, c. 534, Pt. C, §1, is amended to
20 read:

21 **§6253. Claim forms; contents**

22 **1. Administration.** A taxpayer's claim for deferral under this chapter ~~shall~~ must be
23 in writing on a form supplied by the bureau and ~~shall~~ must:

24 A. Describe the homestead;

25 B. ~~Recite facts~~ Provide information establishing the eligibility for the deferral under
26 the provisions of this chapter, including ~~facts that establish~~ information that
27 establishes that the ~~household~~ household income, as defined in section ~~6204~~ 5219-KK,
28 subsection ~~7~~ 1, paragraph ~~D~~, of the individual, or, of all the individuals together in the
29 case of 2 or more individuals claiming the deferral jointly, was less than ~~\$32,000~~
30 \$40,000 for the calendar year immediately preceding the calendar year in which the
31 claim is filed; and

32 C. ~~Have attached~~ Contain any ~~documentary proof~~ information required by the bureau
33 to show that the requirements of section 6252 have been met.

34 **2. Statement verification.** ~~There shall be annexed to the~~ The claim must contain a
35 statement verified by a written declaration of the applicant making the claim ~~to the effect~~
36 that the statements contained in the claim are true.

1 **Sec. 7. 36 MRSA §6261, sub-§1, ¶A**, as enacted by PL 1989, c. 534, Pt. C, §1, is
2 amended to read:

3 A. The spouse of the taxpayer is or will be ~~65~~ 60 years of age or older not later than
4 6 months from the day the circumstance listed in section 6259, subsections 1 to 3
5 occurs; and

6 **Sec. 8. 36 MRSA §6261, sub-§2**, as enacted by PL 1989, c. 534, Pt. C, §1, is
7 amended to read:

8 **2. Continuation of deferral by spouse.** A spouse who does not meet the age
9 requirements of subsection 1, paragraph A, but is otherwise qualified to continue the
10 property in its tax-deferred status under subsection 1 may continue the deferral of
11 property taxes deferred for previous years by filing a claim within the time and in the
12 manner provided under section 6251. If a spouse eligible for and continuing the deferral
13 of taxes previously deferred under this subsection becomes ~~65~~ 60 years of age prior to
14 April 1st of any year, the spouse may elect to continue the deferral of previous years'
15 taxes deferred under this subsection and may elect to defer the current assessment year's
16 taxes on the homestead by filing a claim within the time and in the manner provided
17 under section 6251. Thereafter, payment of the taxes levied on the homestead and
18 deferred under this subsection and payment of taxes levied on the homestead in the
19 current assessment year and in future years may be deferred in the manner provided in
20 and subject to this chapter.

21 **Sec. 9. 36 MRSA §6267**, as enacted by PL 1993, c. 707, Pt. G, §10, is repealed.

22 **Sec. 10. 36 MRSA §6268** is enacted to read:

23 **§6268. Property Tax Deferral Revolving Account; sources; uses**

24 **1. Revolving account.** This section establishes in the State Treasury the Property
25 Tax Deferral Revolving Account, referred to in this section as "the deferral account," to
26 be used by the bureau for the purpose of making payments to municipal tax collectors of
27 property taxes deferred for tax years beginning on or after April 1, 2020, as required by
28 section 6257.

29 **2. Finance Authority of Maine; loan.** The Finance Authority of Maine shall
30 establish a loan program to ensure the availability of sufficient funds to cover the cost of
31 reimbursement to municipalities under section 6257, subsection 1. The Treasurer of State
32 shall notify the Finance Authority of Maine when the Treasurer of State anticipates that
33 funds in the deferral account are not sufficient to cover anticipated municipal
34 reimbursement claims. The Finance Authority of Maine shall transfer sufficient funds
35 from the loan program to the deferral account to ensure that the funds in the deferral
36 account are sufficient to cover anticipated claims.

37 **3. Advancement of funds.** If there are insufficient funds in the deferral account
38 necessary to make payments under subsection 1 following transfers by the Finance
39 Authority of Maine under subsection 2, the Treasurer of State shall advance funds to the
40 bureau from time to time as necessary as an appropriation from the General Fund.

